



## Proposed Agency Information Collection Activities; Comment Request

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Notice, request for comment.

**SUMMARY:** The Board of Governors of the Federal Reserve System (Board) invites comment on a proposal to extend for three years, with revision, the Reports of Foreign Banking Organizations (FR Y-7N, FR Y-7NS, and FR Y-7Q; OMB No. 7100-0125).

**DATES:** Comments must be submitted on or before [insert date 60 days after publication in the Federal Register].

**ADDRESSES:** You may submit comments, identified by FR Y-7N, FR Y-7NS, and FR Y-7Q, by any of the following methods:

- Agency Website: <https://www.federalreserve.gov/>. Follow the instructions for submitting comments at <https://www.federalreserve.gov/apps/foia/proposedregs.aspx>.
- E-mail: [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov). Include the OMB number or FR number in the subject line of the message.
- FAX: (202) 452-3819 or (202) 452-3102.
- Mail: Federal Reserve Board of Governors, Attn: Ann E. Misback, Secretary of the Board, Mailstop M-4775, 2001 C St NW, Washington, DC 20551.

All public comments are available from the Board's website at <https://www.federalreserve.gov/apps/foia/proposedregs.aspx> as submitted, unless modified for technical reasons or to remove personally identifiable information at the commenter's request. Accordingly, comments will not be edited to remove any confidential business information, identifying information, or contact information. Public comments may also be viewed electronically or in paper in Room M-4365A, 2001 C St NW, Washington, DC 20551, between 9:00 a.m. and 5:00 p.m. on weekdays. For security reasons, the Board requires that visitors make an appointment to inspect comments. You may do so by calling (202) 452-3684. Upon arrival,

visitors will be required to present valid government-issued photo identification and to submit to security screening in order to inspect and photocopy comments.

Additionally, commenters may send a copy of their comments to the Office of Management and Budget (OMB) Desk Officer for the Federal Reserve Board, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17<sup>th</sup> Street, NW, Washington, DC 20503, or by fax to (202) 395-6974.

**FOR FURTHER INFORMATION CONTACT:** Federal Reserve Board Clearance Officer – Nuha Elmaghrabi – Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551, (202) 452-3829.

**SUPPLEMENTARY INFORMATION:** On June 15, 1984, OMB delegated to the Board authority under the Paperwork Reduction Act (PRA) to approve and assign OMB control numbers to collections of information conducted or sponsored by the Board. In exercising this delegated authority, the Board is directed to take every reasonable step to solicit comment. In determining whether to approve a collection of information, the Board will consider all comments received from the public and other agencies.

During the comment period for this proposal, a copy of the proposed PRA OMB submission, including the draft reporting form and instructions, supporting statement, and other documentation, will be made available on the Board's public website at <https://www.federalreserve.gov/apps/reportforms/review.aspx> or may be requested from the agency clearance officer, whose name appears above. Final versions of these documents will be made available at <https://www.reginfo.gov/public/do/PRAMain>, if approved.

### **Request for Comment on Information Collection Proposals**

The Board invites public comment on the following information collections, which are being reviewed under authority delegated by the OMB under the PRA. Comments are invited on the following:

- a. Whether the proposed collection of information is necessary for the proper performance of the Board's functions, including whether the information has practical utility;
- b. The accuracy of the Board's estimate of the burden of the proposed information collection, including the validity of the methodology and assumptions used;
- c. Ways to enhance the quality, utility, and clarity of the information to be collected;
- d. Ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology; and
- e. Estimates of capital or startup costs and costs of operation, maintenance, and purchase of services to provide information.

At the end of the comment period, the comments and recommendations received will be analyzed to determine the extent to which the Board should modify the proposal.

**Proposal under OMB Delegated Authority to Extend for Three Years, With Revision, the Following Information Collection:**

*Collection title:* Reports of Foreign Banking Organizations.

*Collection identifiers:* FR Y-7N, FR Y-7NS, and FR Y-7Q.

*OMB control number:* 7100-0125.

*Frequency:* Quarterly, annually.

*Respondents:* Non-functionally regulated U.S. nonbank subsidiaries held by foreign banking organizations (FBOs) other than through a U.S. bank holding company (BHC), financial holding company (FHC), or U.S. bank.

*Estimated number of respondents:* FR Y-7N (quarterly): 28; FR Y-7N (annual): 14; FR Y-7NS: 18; FR Y-7Q (quarterly): 120; FR Y-7Q (annual): 30.

*Estimated average hours per response:* FR Y-7N (quarterly): 7.6; FR Y-7N (annual): 7.6; FR Y-7NS: 1; FR Y-7Q (quarterly): 3.25; FR Y-7Q (annual): 2.5.

*Estimated annual burden hours:* FR Y-7N (quarterly): 851; FR Y-7N (annual): 106; FR Y-7NS: 18; FR Y-7Q (quarterly): 1,560; FR Y-7Q (annual): 75.

*General description of collection:* The FR Y-7N consists of an income statement and a balance sheet; schedules that collect information on changes in equity capital, changes in the allowance for loan and lease losses, off-balance-sheet data items, and loans; and a memoranda section. All FBOs file the FR Y-7N quarterly for their significant nonbank subsidiaries that do not have a primary U.S. regulator other than the Federal Reserve System. Subsidiaries are defined as significant if they have total assets of at least \$1 billion or off-balance-sheet activities (including commitments to purchase foreign currencies and U.S. dollar exchange, all other futures and forwards contracts, option contracts, and the notional value of interest rate swaps, exchange swaps and other swaps) of \$5 billion or more, as of the end of a quarter. FBOs must commence quarterly reporting for a subsidiary at the end of the quarter in which the subsidiary meets the significance threshold, and must continue to file quarterly for the remainder of a calendar year even if the subsidiary no longer satisfies the size requirement for quarterly filing of the FR Y-7N.

The FR Y-7N is filed annually, as of December 31, for each individual nonbank subsidiary that does not meet the criteria for filing quarterly and that has total assets of at least \$500 million.

The FR Y-7NS is an abbreviated reporting form that collects net income, total assets, equity capital, and total off-balance-sheet data items. The FR Y-7NS is filed annually, as of December 31, by top-tier FBOs for each individual nonbank subsidiary that does not have a primary U.S. regulator other than the Federal Reserve System (and does not meet the filing criteria for filing the FR Y-7N) with total assets greater than or equal to \$250 million.

The FR Y-7Q collects consolidated capital and asset information from all FBOs. Part 1 of the reporting form currently collects the following information: tier 1 capital; total risk-based capital; risk-weighted assets; total consolidated assets; total combined assets of U.S. operations; net of intercompany balances and transactions between U.S. domiciled affiliates, branches, and agencies; and total U.S. non-branch assets. In addition, an FBO that files the FR Y 7Q because it

has made an effective election to be treated as an FHC also must provide separate capital schedules on Part 2 of the FR Y-7Q quarterly for each lower-tier FBO operating a branch, agency, Edge or agreement corporation, or commercial lending company in the United States. Part 1A of the FR Y-7Q is filed quarterly by FBOs if the top-tier FBO or any FBO in its tiered structure has made an effective election to be treated as an FHC and by FBOs with total consolidated assets of \$50 billion or more, regardless of FHC status. Part 1B of the FR Y-7Q is filed quarterly by FBOs with combined U.S. assets of \$100 billion or more, or combined U.S. assets of less than \$100 billion but total consolidated assets of \$250 billion or more. The FR Y-7Q is filed annually if the FBO or any FBO in its tiered structure has not effectively elected to be an FHC and the FBO has total consolidated assets of less than \$50 billion.

*Proposed revisions:* For the FR Y-7Q, the Board proposes to add an additional line item on Part 1A., Capital and Asset Information for the Top-tier Foreign Banking Organization, to collect the total combined U.S. assets net of intercompany balances and transactions on a quarterly average basis. This line item would be used for analytical purposes to track the growth of FBOs in the U.S. and to make reporting more consistent with the reporting of total combined assets of U.S. operations, net of intercompany balances and transactions in the Systemic Risk Report (FR Y-15; OMB No. 7100-0352), which is filed by some FBOs.

The Board also proposes to revise the FR Y-7Q report to remove the option of filing on a fiscal year basis and to instead require the respondent to file on a calendar period basis. As of December 31, 2020, only approximately five percent of respondents submitted the FR Y-7Q on a fiscal year basis. The elimination of the fiscal filing basis would be consistent with other Federal Reserve regulatory reports. The change also would enhance the Board's ability to monitor FBOs that may be approaching the asset threshold to file the FR Y-15, as well as to provide data on the same filing frequency basis as with the U.S. legal entity regulatory report forms (i.e., Consolidated Financial Statements for Holding Companies (FR Y-9C; OMB No. 7100-0128), Consolidated Reports of Condition of Income (FFIEC 031/041/051; OMB No. 7100-0036)). In

addition, the change would enable calculations for Regulation TT assessments to be made at the same speed and efficiency as for domestic-only holding companies, which file the FR Y-9C.

Additionally, the Board proposes to change the filing deadline from 90 days after quarter-end to 30 days after quarter-end for quarterly filers and from 90 days after quarter-end to 45 days after quarter-end for annual filers. Shortening the reporting deadline will allow for more timely analysis needed for effective FBO supervision; the efficiency gain will also allow for a more expedient process for Supervision staff to have a full picture of the FBO's financial structure from parent company global and US assets, consistent with the FBO's legal entities. The instructions were modified, effective December 31, 2021, to note that respondents would also have the option to submit the FR Y-7Q report electronically via Reporting Central. Electronic filing provides respondents with a more efficient option to submit the FR Y-7Q report.

Finally, the Board proposes to remove line item 8, as-of financial date, in Part 1A and line item 6, as-of financial date, in Part 2, as the elimination of the fiscal year basis reporting makes these items unnecessary. The Board also proposes to make other minor clarifications and conforming edits to the form and instructions.

The proposed changes would be effective with the FR Y-7Q submission for the December 31, 2022, as-of date.

*Legal authorization and confidentiality:* The FR Y-7N, Y-7NS, and Y-7Q are authorized by the Bank Holding Company Act (BHC Act) and International Banking Act. The FR Y-7N, Y-7NS, and Y-7Q are additionally authorized by section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The FR Y-7N, Y-7NS, and Y-7Q are mandatory.

The information contained on the FR Y-7N, Y-7NS, and Y-7Q is generally not considered confidential unless an applicant requests confidential treatment in accordance with the Board's Rules Regarding Availability of Information. Requests for confidential treatment of information are reviewed on a case-by-case basis. Information provided on the FR Y-7N, Y-7NS, and Y-7Q may be exempt from disclosure pursuant to exemption 4 of the Freedom of

Information Act (FOIA) if it is nonpublic commercial or financial information, which is both customarily and actually treated as private by the respondent. Submissions of the FR Y-7N, Y-7NS, and Y-7Q may also contain personnel and medical files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy, which are protected under exemption 6 of the FOIA; or information contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions, which are protected under exemption 8 of the FOIA.

Board of Governors of the Federal Reserve System, May 24, 2022.

**Ann E. Misback,**

*Secretary of the Board.*

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